



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

AUG 13 2001

Mr. Melvin I. Rosenblat  
Deputy Commissioner for Administration  
New York State Office of Children and Family Services  
Capital View Office Park  
52 Washington Street  
Rensselaer, New York 12144-2796

Dear Mr. Rosenblat:

Enclosed is the U.S. Department of Health and Human Services, Office of Inspector General final report entitled, "Review of New York's Participation in Title IV-B, Subpart 2 of the Social Security Act, Promoting Safe and Stable Families."

If you have any questions, please contact me at (202) 619-1175 or Peter Koenig of my staff at (202) 619-3191. To facilitate identification, please refer to Common Identification Number A-12-01-00010 in all correspondence relating to this report.

Sincerely yours,

A handwritten signature in black ink, which appears to read "Donald L. Dille". The signature is fluid and cursive.

Donald L. Dille  
Assistant Inspector General for  
Administrations of Children, Family, and  
Aging Audits

Enclosure – as stated

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF NEW YORK'S  
PARTICIPATION IN TITLE IV-B,  
SUBPART 2 OF THE SOCIAL SECURITY  
ACT, PROMOTING SAFE AND  
STABLE FAMILIES**



**AUGUST 2001  
A-12-01-00010**



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Mr. Melvin I. Rosenblat  
Deputy Commissioner for Administration  
New York State Office of Children and Family Services  
Capital View Office Park  
52 Washington Street  
Rensselaer, New York 12144-2796

Dear Mr. Rosenblat:

This final report provides you with the results of our review of New York's Participation in Title IV-B, Subpart 2 of the Social Security Act, Promoting Safe and Stable Families in Fiscal Years (FY) 1994 through 2001. The objectives of our review were to determine: (1) the reasons why New York officials did not use all Federal funds available to them during part of this time period, and (2) if New York met its cost sharing requirements during the years it participated in the program.

During FYs 1997 through 2001, the Administration of Children and Families (ACF) determined that New York's statutory Title IV-B, Subpart 2 allotment was \$89.8 million; however, New York elected not to participate. According to New York officials, the State declined participation because it could not meet the maintenance of effort (MOE) requirement for both this grant program and the Temporary Assistance for Needy Families (TANF) program that began in FY 1997. We noted from information provided by New York, that its FY 1997 State funding for the two programs declined substantially from its FY 1996 funding levels.

While New York participated in Title IV-B, Subpart 2 in Federal FYs 1994 through 1996, New York did not use \$167,089 of its FY 1994 grant award. According to New York officials, one of the 58 counties in the State did not use its allotment of Title IV-B, Subpart 2 funds. Further, New York met its required 25 percent State cost match in FYs 1995 and 1996 even though its (initial) expenditure report did not indicate that it did.

The New York comments to our report are summarized in the body of this report and are included in their entirety in Appendix A. Information we obtained in New York will be incorporated in our consolidated multi-State report addressed to ACF.

## INTRODUCTION

### Background

Beginning in FY 1994, ACF awarded Title IV-B, Subpart 2 grants to State child welfare agencies and Indian tribes to focus on: (1) preventive family preservation services; and (2) community-based family support services for families at risk or in crisis. Amendments to Title IV-B, Subpart 2, in November 1997 added two additional service components: time-limited family reunification services; and adoption promotion and support services. The amendments also stipulated that, at the option of the State, State and local funds could be used to meet the State's MOE. Further, States are required to spend 20 percent of their total Title IV-B, Subpart 2 in each of the four service components, although this requirement may be waived by ACF based on individual State circumstances.

Federal financial participation in program costs is 75 percent and the States must provide a 25 percent cost match. Funding for the Title IV-B, Subpart 2 program was \$305 million in FY 2001. The Presidential budget submission for FY 2002 provides for an additional \$200 million in funding for Title IV-B, Subpart 2.

Effective in FY 1997, the TANF block grant program provided \$16.5 billion annually to States, territories, and tribes. The TANF program provides assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

### Objectives, Scope, and Methodology

The objectives of our review were to determine why New York reported that it did not use all Federal funds statutorily available to it, and if New York satisfied its cost matching requirements. The objectives of this review did not require an assessment of internal controls. To accomplish our review objectives, we:

- reviewed FYs 1994 through 1996 Standard Form (SF) 269 reports New York submitted to the ACF;
- reviewed New York's support for amounts reported as Federal outlays and State cost match;
- interviewed State officials to determine why New York had an unobligated Federal balance in FY 1994 and did not receive or request any of the Title IV-B, Subpart 2 grant funds beginning in FY 1997; and

- interviewed Headquarters and Regional ACF financial and program staff regarding the SF 269 report, the State's match and MOE.

We obtained and reviewed the Title IV-B, Subpart 2 financial status reports submitted by all the States for FYs 1994 through 2000. The final reports for FYs 1994 through 1999 showed that 11 States, including New York, either reported over \$1 million of unobligated elapsed Federal funds or did not meet the required cost match. We selected New York for an on-site visit because New York reported that it did not seek or obtain \$89.8 million in Federal funds it was statutorily entitled to for FYs 1997 through 2000. Further, the State reported unobligated Federal funds of \$167,089 in FY 1994 and that it did not meet the cost match in FYs 1995 and 1996 by \$5.9 million.

We made an on-site visit at the New York State Agency in May 2001.

## **Results of Review**

### **Federal Grant Funds**

New York elected not to apply for any of the \$89.8 million in Title IV-B, Subpart 2 grant funds beginning in FY 1997 through the current FY because it could not meet the required maintenance of effort (MOE) for both this grant program and the Temporary Assistance for Needy Families (TANF) program. Based on the information provided by State officials, New York applied a majority of the FY 1997 State expenditures that would have been required for MOE under Title IV-B, Subpart 2, to the TANF program. State officials indicated that New York elected to meet the MOE for TANF funding because the Federal TANF funding was far greater than the \$15.2 million available in FY 1997 under Title IV-B, Subpart 2. We noted from information provided by New York that its FY 1997 funding for the two programs declined substantially over FY 1996 State funding levels.

Officials in New York indicated they would be able to utilize the Title IV-B, Subpart 2, grant funds only if the required MOE was eliminated or revised downward. To revise the MOE, New York suggested that the Federal Government allow other child welfare expenditures, such as those State funds spent in the Juvenile Justice system to count toward the MOE under Title IV-B, Subpart 2. New York officials also stated that Federal officials should relax the spending restrictions for the program and allow the States more latitude to move funding between the four program components of the Title IV-B, Subpart 2 program.

Our review disclosed that New York did not spend \$167,089 of the Title IV-B, Subpart 2 grant funds in FY 1994 because, according to New York officials, one of the 58 counties in the State was unable to spend its allotment. If funds are not obligated in the first year or liquidated within 1 year following the end of the FY in which the grant funds were allotted to the States, the obligation authority lapses.

### State Cost Match

Our review of the documentation provided by State officials, indicated that New York met its required 25 percent State match for FYs 1994, 1995 and 1996. The initial submission of its final financial status report to ACF indicated that New York did not meet the cost match for FYs 1995 and 1996 by \$5.9 million. However, on May 15, 2001, more than 4 years after the end of both grant periods, New York submitted revised final SF 269 reports for FYs 1995 and 1996 showing that it met the required match. The requirements addressing final SF 269 report submissions are contained in Departmental regulations 45 Code of Federal Regulation (CFR) 1355.30(i) and 45 CFR 92.41(b)(4). These regulations require submission of the final SF 269 report, 90 days after the expiration or termination of grant support. In May 2001, New York submitted its final SF 269 reports for FYs 1995 and 1996 which did not comply with the time requirement.

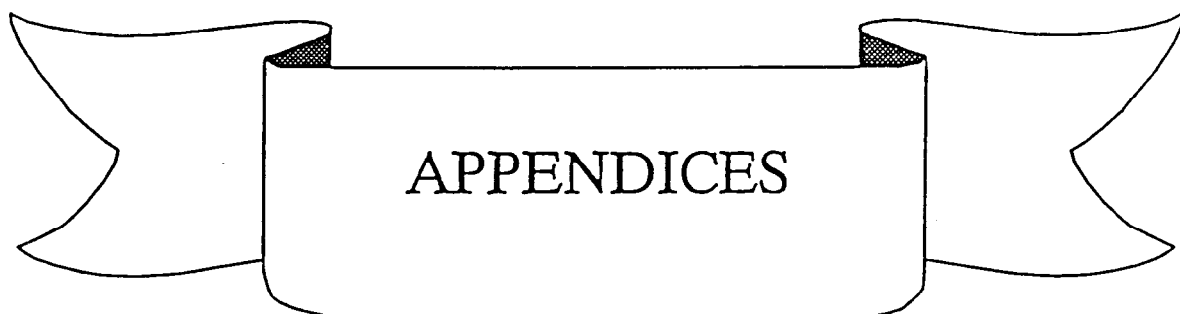
Since New York has not participated in the Title IV-B, Subpart 2 program since FY 1997, we are not making any recommendations.

If you have any questions, please contact me at (202) 619-1175 or Peter Koenig of my staff at (202) 619-3191. To facilitate identification, please refer to Common Identification Number A-12-01-00010 in all correspondence relating to this report.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Donald L. Dille". The signature is fluid and cursive, with the first name "Donald" and last name "Dille" being clearly legible.

Donald L. Dille  
Assistant Inspector General for  
Administrations of Children, Family, and  
Aging Audits





New York State  
Office of  
Children & Family  
Services

George E. Pataki  
Governor

John A. Johnson  
Commissioner

*Capital View Office Park*

52 Washington Street  
Rensselaer, NY 12144-2796

July 17, 2001

Mr. Donald Dille  
Assistant Inspector General for  
Administrations of Children, Family and Aging Audits  
Wilbur J. Cohen Building  
Room 5760  
330 Independence Avenue, S.W.  
Washington, DC 20201

Dear Mr. Dille:

The Office of Children and Family Services (OCFS) appreciates the opportunity to review and comment on the draft final report, "Review of New York's Participation in Title IV-B, Subpart 2 of the Social Security Act, Promoting Safe and Stable Families" prepared by the Department of Health and Human Services Office of Inspector General. Based on our review, we have the following comments:

- The second paragraph of the letter and the first sentence of page three in the section Results of Review, Federal Grant Funds reads in part, "it did not want to meet the required MOE for both this grant program and the TANF program." This sentence should more accurately read that New York State **could not** meet the required Maintenance of Effort (MOE) for both programs.
- The first paragraph under Results of Review, Federal Grant Funds does not document the discussion State officials had with the auditors regarding the changing financial conditions in FFY 97 and their impact on the State's participation. Specifically, the State received federal approval of the Emergency Assistance to Families (EAF) option for the Services Random Moment Survey (SRMS) that provided federal reimbursement for expenditures that were previously eligible to count toward the Title IV-B, Subpart 2 MOE. In addition, the availability of TANF funding for transfer to Title XX, and the State's decision to use the available transfer, provided reimbursement for previously State and local expenditures that also would have been eligible for MOE. These two events resulted in a significant change in financial conditions under the various funding streams when compared to the State's Title IV-B, Subpart 2 MOE base year.





- It is recommended that at the end of Results of Review, Federal Grant Funds, paragraph two, two additional paragraphs in regard to the Title IV-B, Subpart 2 MOE be included:
  - “An alternative to eliminating the MOE is to revise the MOE to allow funds expended under the Temporary Assistance to Needy Families (TANF) Block Grant that are dually eligible for either TANF or Title IV-B, Subpart 2, be used to meet the MOE requirements of both programs. Doing so would parallel how Congress treated the Child Care and Development Fund and the TANF MOE requirements.”
  - “A second alternative is to allow states to expend Title IV-B, Subpart 2 funds for new services that the state can demonstrate have not been previously provided and that meet any one of the four service components of the Title IV-B, Subpart 2 program without having to meet a Maintenance of Effort requirement. This would satisfy the non-supplantation requirement of the Act. The final determination of what is a new service would be made by ACF based on documentation provided by the state, but parameters to be considered would include expanded income eligibility levels, expanded geographic areas or new service delivery systems.”
- There is an apparent typographical error in paragraph three on page one regarding the federal fiscal years (FFY) for which the State’s initial expenditure reports did not indicate that the State had met its required 25 percent state match. I believe the reference should be to FFY 1995 and FFY 1996, but not FFY 1994, in accordance with the subsequent discussion under Results of Review, State Cost Match.

If you have any questions, please contact John A. Murray, Acting Director, Bureau of Financial Operations, at (518) 402-0131.

Sincerely,

A handwritten signature in black ink, appearing to be 'MR', with a long horizontal line extending to the right.

Melvin I. Rosenblat  
Deputy Commissioner  
For Administration

cc: John A. Johnson, Commissioner  
Roger Biagi  
Peter Koenig